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NSC BRIEFING

30 November 1954

SUMMARY OF NIE 10-7-54: COMMUNIST COURSES OF ACTION IN ASIA THROUGH 1957

I. Scope. Estimate analyzes considerations affecting post-Geneva Communist policy, and estimates main lines and specific aspects Communist, particularly Chinese Communist, courses of action.

II. General Considerations

1. Net effect Geneva and subsequent developments has been to advance the Communist position in Asia.

2. Sino-Soviet Relationship. USSR has preponderant influence in partnership, but main outlines their Asian policy determined jointly by consultation. Chinese influence will grow. Effectiveness of their alliance not likely be impaired by frictions between them.

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3. Paramount factor in Communist determination

policy in Asia will be their estimate of US  
actions and reactions.

4. Economic Development.

a. Current indications, despite serious

delocation from this year's floods are

that Chinese will achieve 5-Year Plan

goal of doubling 1952 ~~output of producers~~  
*modern industrial*

*goods sector of economy*

b. Agricultural difficulties plus population

growth means squeeze but the outlook

is that the average per capita caloric

intake will only decline 1.5 percent.

*(from 1650 to 1625)*

c. Chinese modern industrial sector growing

3 times as rapidly as India's and 1.3 times

*Japan's.*

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d. Foreign Trade: 73 percent with Soviet Bloc.

Maximum possible increase (in view of consumption requirements and dependance on agricultural exports) assuming all trade restrictions removed would be approximately \$200 to \$300 million. (ORR contribution)

III. Present Policy. A variant of familiar hard-soft line.

a. New element, evident since death of Stalin, in Asia is heightened effort convince all of desire for "peaceful coexistence." In Asia, this desire in fact marked by desire:

(1) Lessen dangers US military actions

against mainland China

(2) Dull vigilance of non-Communist Asia

while continuing expansion by means

short of war.

b. Within above, are prepared maintain state

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IV. Future Policy. Will continue to woo Asia,

while subverting it.

a. Expectation this long-range "peaceful

coexistence" policy will with minimum risk

result in:

(1) Realization their present military and  
economic objectives.

(2) Eventual elimination US influence from  
Asia.

A. De-emphasis on Open Aggression. Except

Elsewhere in Asia  
Communists probably not initiate new local

actions with identifiable Bloc forces.

B. Nat. China. Chinese Communists will continue  
committed to "liberation" Nat. territories.

Thus this issue will continue present greatest  
danger of war in Asia.

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- a. Will probably not invade Taiwan so long  
as clearly evident US has means and  
determination defend.
- b. Will continue probing against offshore  
islands and will probably attempt seize  
some of major ones. This almost certain  
if probes encounter no appreciable US  
counteraction. (G-2 dissents, believing  
Communist decisions rests less on  
considerations for US, and more on own  
total programs.

C. Indochina.

*Com.*

- a. Vietnam. Will exert every effort gain South  
thru means short of war.  
(1) If South greatly strengthens, or if  
July 1956 elections postponed, would

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step up subversive and guerrillas,

including infiltration VM troops from

North, but would probably not openly

invade, at least prior to July 1956.

? → (But likely to do so then)

b. Laos. Nature of aggressive action against

will be moderated by need for "peace" line,

particularly re India, and by possibility US

counteraction.

c. Cambodia. Will be determined by events

Vietnam and Laos.

D. Korea. Communist resumption hostilities

unlikely.

a. If attacked by ROK, would repel, but would

invade ROK only if they estimated would not

lead to war with US/UN forces.

E. Japan and India will become increasingly

com  
important targets for "coexistence" policies.

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- a. Toward Japan, emphasis on inducements to expand economic and diplomatic relations, in effort weaken Japan's ties with West.
- b. Toward India, emphasis on at least superficial respect India's position in South and Southeast Asia, in effort at least preserve India's neutralism.

*Comment*

F. Indonesia. Their influence has grown considerably

since present gov't. took office July 1953.

*Apparently direction is from China rather than USSR*

- a. Will continue present policies expand influence thru "legal" means, while attempting increase their covert potential.
- b. Will probably avoid highly aggressive tactics lest these provoke domestic counteraction before their own strength great enough.
- c. However, present strengths and trends such that takeover by subversion or force possible during period estimate.

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